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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 34-87

August 26, 1987

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

Changing CHINESE Corn Situation May Open Markets. Reports of increased demand for domestic feedgrains may force the Chinese to divert corn from export channels to domestic use. This shift could mean increased U.S. corn export opportunities to the Far East in the face of reduced Chinese export competition, as well as stronger import demand in China. China's corn exports to Japan in 1986/87 may only be half the volume shipped in 1985/86.

DAIRY, LIVESTOCK AND POULTRY

AUSTRALIA's Drought Slows Growth of Cattle Herds. Cattle herd growth has been slowed by drought in Queensland and northern New South Wales, according to the U.S. agricultural counselor in Canberra. The number of cattle is expected to increase from 23.60 to 23.67 million head, only about half the 1986 herd growth. As of June, cattle prices were up 18 percent from a year previous. Slaughter was 4 percent above mid-year levels of a year ago due to heavy slaughter in Queensland and New South Wales. However, total beef and veal production for 1987 is projected to be down 4 percent this year to 1.418 million tons as slaughter slows in the second half (assuming more normal weather in the northeast). Total 1988 beef and veal production is expected to be up 2.6 percent to 1.456 million tons.

AUSTRALIA Raising More Sheep. The number of Australian sheep is expanding as reduced cereal acreage in some areas allows increased forage production, according to the U.S. agricultural counselor in Canberra. Sheep numbers are projected to be up 1.3 percent this year (slightly slower than last year's pace) from 158.6 to 160.6 million head. Drought has been less severe in sheep areas than in cattle areas. It is projected that sheep meat production will be up 6.7 percent this year, from 584,000 to 623,000 tons, a 10-year high. The increase appears to be due to at least two factors; high sheep meat prices (more than 20 percent above last year) and culling to prevent possible feed shortages next year. It is projected that production in 1988 will fall to 602,000 tons.

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BRIAN NORRIS, Editor, Tel. (202) 447-3448. Additional copies may be obtained from FAS Media and Public Affairs Branch, 5922-S, Washington, D.C. 20250. Tel. (202) 447-7937.

NETHERLANDS' Broiler Production Up 7 Percent. Broiler production in the Netherlands is expected to reach 385,000 tons in 1987, up nearly 7 percent, according to the U.S. agricultural counselor in The Hague. Lower feed prices in 1986 and early 1987 have led to the increased production. Broiler prices are down, but increased exports to other EC countries have helped limit the decline. Consequently, profit margins have been relatively favorable despite this year's large production increase. For 1988, slower growth is expected, assuming that the feed-price decline will not be repeated and that the "manure and soil protection" law will start having a negative impact on further expansion of production.

Broiler Production in POLAND Growing Rapidly. Broiler production in Poland is expected to total 220,000 tons in 1987, nearly 20 percent above the 1986 level, according to the U.S. agricultural counselor in Warsaw. Rapid growth also is expected in 1988. Factors causing this rapid increase are better use of production facilities and improved management skills. Better use of domestically produced feedstuffs also is said to be aiding increased broiler production. However, the lack of adequate supplies of quality feeds is keeping production from growing at an even faster rate.

MEXICO's Feeder Cattle Exports to U.S. Top 1 Million Head. Recently released data show Mexican exports of feeder cattle to the United States from September 1986 to July 22, 1987 totaled 1,017,204 head. This amount nearly filled the Mexican cattle export quota of 1,070,000 for Mexico's the 1986/87 marketing year. U.S. imports of feeder cattle from Mexico reached a record 1.1 million head in calendar 1986, with imports during January-June 1987 totalling 600,911 head.

Negotiations are currently underway between the Mexican Government and cattle exporters to determine the Mexican cattle export quota for 1987/88 (September-August). Private sources believe the new export quota will be authorized at a level somewhat lower than marketing year 86/87.

SEEDS

Planting Seed Exports from the U.S. Set Record. Preliminary reports for the 1986/87 (July-June) marketing year for U.S. planting seeds indicate that exports set a record of \$374 million, 3 percent higher than in 1985/86. Italy was the largest market, accounting for \$57.7 million of total exports. Mexico was the second largest market at \$41.1 million and Japan was third at \$39.0 million. Forage and turf seed exports climbed 36 percent, vegetable seed exports went up 10 percent, and soybean seed exports jumped 69 percent. However, field corn seed and grain sorghum seed declined 33 percent and 45 percent, respectively.

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CREDIT NOTES

MALDIVES, SRI LANKA and SIERRA LEONE Sign Title I Agreements.
Maldives has signed a Title I agreement for 4,000 metric tons of rice valued at \$500,000.

Sri Lanka has signed a second amendment to its Title I agreement for 65,000 metric tons of wheat valued at \$7 million.

Sierra Leone has signed a Title I agreement for 24,000 metric tons of rice valued at \$4 million.

Section 416 Agreements Announced for HAITI and ECUADOR. Haiti has signed a Section 416 agreement for 75 metric tons of nonfat dry milk valued at \$61,500; 25 metric tons of butteroil valued at \$30,000; 52 metric tons of soybeans valued at \$10,764 and 262 metric tons of wheat valued at \$29,868. Ecuador has signed a Section 416 agreement for 1,088 metric tons of nonfat dry milk valued at \$892,160; and 28,200 metric tons of wheat valued at \$3,199,800.

WEEKLY EXCHANGE RATE DEVELOPMENTS

The U.S. dollar finished the week ending August 21 down against major currencies because of the continued negative impact of the large trade deficit in June -- the second largest on record. In addition, the downward revision in the second quarter GNP figure released by the Commerce Department also weakened the dollar during the past week. However, the dollar was aided by statements by Japanese Central Bank officials that they intended to intervene in currency markets to stem the yen's advance.

Currencies	Current rate 8/20/87	----Percent change from----- week ago 8/13/87	month ago 7/23/87	year ago 8/86
Argentine Austral	2.0540	1.83%	8.90%	124.58%
Australian Dollar	1.4079	-1.06%	-.04%	-13.76%
Brazilian Cruzado	47.1700	1.46%	4.03%	242.55%
Canadian Dollar	1.3260	-.39%	-.52%	-4.44%
South African Rand	2.0661	-1.65%	.20%	-20.32%
Thai Baht	26.0200	.07%	2.23%	-.38%
ECU	0.8847	-3.31%	-1.09%	-9.68%
British Pound	0.6186	-2.29%	-.97%	-8.02%
French Franc	6.1325	-2.79%	-.79%	-8.68%
West Germany Mark	1.8355	-2.94%	-1.09%	-10.90%
Japanese Yen	144.6000	-4.38%	-4.23%	-6.15%
South Korean Won	808.8000	.03%	.09%	-8.47%
New Taiwan Dollar	30.0500	-.36%	-3.15%	-20.58%

Exchange rates are spot as of 3 p.m. Eastern Time, August 20
Source: FAS Exchange Rate Database and Wall Street Journal

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EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Aug. 20, 1987, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
72. Iraq barley	Aug. 10, '87	150,000
71. Brazil wheat	July 30, '87	300,000 Sold 66,000
70. Colombia wheat	July 30, '87	300,000
69. Israel wheat	May 29, '87	200,000
68. Bangladesh wheat	May 22, '87	100,000 COMPLETE
	July 8, '87	50,000 Sold 44,000
	Aug. 12, '87	150,000
67. Soviet Union wheat	Apr. 30, '87	4,000,000 COMPLETE
66. Turkey rice	Apr. 3, '87	70,000
65. Colombia barley malt	Apr. 3, '87	15,000
64. Iraq table eggs	Feb. 20, '87	189 million eggs
63. Canary Islands poultry	Feb. 9, '87	5,000 Sold 2,000
62. Nigeria wheat	Jan. 28, '87	500,000
61. China wheat	Jan. 26, '87	1,000,000 COMPLETE
	Aug. 18, '87	1,000,000
60. Iraq wheat	Jan. 16, '87	800,000 Sold 715,000
59. Switzerland barley or sorghum	Jan. 16, '87	250,000 Sold 9,000
58. Poland wheat	Jan. 7, '87	500,000 COMPLETE
	July 2, '87	500,000 Sold 386,000
57. Poland barley or sorghum	Dec. 31, '86	200,000 Sold 167,000
56. Romania wheat	Dec. 23, '86	250,000
55. Iraq poultry	Dec. 22, '86	60,000 COMPLETE
54. Dominican Republic table eggs	Dec. 9, '86	25 million eggs Sold 11.1 million eggs
53. Zanzibar wheat flour	Dec. 9, '86	20,000 Sold 6,000
52. Tunisia barley	Dec. 1, '86	150,000
51. Gulf countries (Bahrain, Kuwait, Oman, Qatar, United Arab Emirates) dairy cattle	Oct. 30, '86	1,500 head COMPLETE
50. West Africa (Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Ghana, Gabon, Liberia, Niger, Togo) wheat	Oct. 30, '86	345,000 Sold 103,200
	June 15, '87	185,000
49. Dominican Republic poultry	Oct. 29, '86	1,500 Sold 1,440
48. Philippines barley malt	Oct. 20, '86	60,000 Sold 25,000
47. Cameroon wheat flour	Oct. 14, '86	20,000
46. Romania barley	Sept. 24, '86	200,000 Sold 125,000
45. Venezuela barley malt	Sept. 4, '86	100,000
44. Cyprus barley	Aug. 26, '86	150,000 Sold 118,000
43. Canary Islands wheat	Aug. 8, '86	100,000
42. Egypt semolina	Aug. 6, '86	30,000 Sold 23,000

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

41.	Soviet Union wheat	Aug. 1, '86	4,000,000	EXPIRED
40.	Canary Is. dairy cattle	July 28, '86	3,000 head	Sold 2,825
39.	Hong Kong table eggs	July 28, '86	44 million eggs	COMPLETE
38.	Senegal wheat	July 17, '86	100,000	COMPLETE
37.	India vegetable oil	July 8, '86	25,000	COMPLETE
36.	Jordan barley	June 17, '86	60,000	Sold 30,000
35.	Israel barley	June 17, '86	200,000	Sold 177,324
34.	Tunisia dairy cattle	May 29, '86	4,000 head	COMPLETE
33.	Algeria dairy cattle	May 29, '86	5,000 head	COMPLETE
32.	Sri Lanka wheat	May 16, '86	125,000	COMPLETE
		March 5, '87	95,000	Sold 85,000
		Aug. 20, '87	240,000	
31.	Saudi Arabia barley	May 7, '86	500,000	COMPLETE
		Aug. 6, '86	250,000	COMPLETE
		Sept. 16, '86	300,000	COMPLETE
		Oct. 8, '86	200,000	COMPLETE (201,000)
		Jan. 5, '87	1,250,000	COMPLETE
		May 15, '87	500,000	COMPLETE
		Aug. 4, '87	500,000	Sold 255,000
30.	Algeria barley	Apr. 17, '86	500,000	Sold 108,000
29.	Morocco dairy cattle	Apr. 16, '86	4,000 head	COMPLETE
28.	Turkey dairy cattle	Apr. 16, '86	5,000 head	COMPLETE
		June 18, '86	5,000 head	
27.	Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
		Sept. 12, '86	10,000 head	Sold 3,411
26.	Yemen poultry feed	Apr. 14, '86	150,000	Sold 111,168
25.	Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
		June 24, '86	200,000	COMPLETE
		Oct. 7, '86	500,000	Sold 213,050
24.	Indonesia dairy cattle	Apr. 9, '86	7,500 head	COMPLETE
		June 18, '87	8,000 head	COMPLETE
23.	Syria wheat	Apr. 8, '86	700,000	CANCELED
22.	Benin wheat (remaining 15,000 tons transferred to West Africa)	Apr. 7, '86	45,000	COMPLETE
21.	Algeria table eggs	Apr. 4, '86	500 million eggs	
20.	Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 2,028
19.	Jordan wheat	Mar. 19, '86	75,000	COMPLETE
		June 20, '86	75,000	COMPLETE
		Dec. 31, '86	225,000	COMPLETE
18.	Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
		Aug. 22, '86	800,000	Sold 300,000
17.	Algeria wheat flour	Feb. 25, '86	100,000	
16.	Algeria semolina	Feb. 11, '86	250,000	Sold 30,000
15.	Philippines wheat	Jan. 7, '86	150,000	COMPLETE (152,400)
		Aug. 10, '87	500,000	

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

14. Zaire wheat	Dec. 27, '85	35,000	COMPLETE
	May 15, '86	45,000	COMPLETE
	Oct. 10, '86	40,000	COMPLETE
	July 16, '87	80,000	Sold 25,000
13. Nigeria barley malt	Dec. 10, '85	100,000	Sold 58,164
12. Iraq wheat flour	Dec. 9, '85	150,000	COMPLETE
	Jan. 7, '87	175,000	Sold 75,000
11. Egypt poultry	Nov. 26, '85	8,000	COMPLETE
	Mar. 21, '86	15,000	COMPLETE
	June 18, '86	5,000	COMPLETE
	July 8, '86	15,000	COMPLETE
	Dec. 19, '86	25,000	COMPLETE
	Feb. 27, '87	6,000	
10. Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
	May 15, '86	30,000	Sold 16,000
9. Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8. Jordan rice	Nov. 8, '85	40,000	Sold 38,700
	Jan. 13, '87	60,000	
7. Turkey wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
	May 8, '86	500,000	Sold 248,000
6. Morocco wheat	Sept. 30, '85	1,500,000	COMPLETE
	Dec. 9, '86	790,000	COMPLETE
	July 1, '87	500,000	
5. Yemen wheat	Sept. 6, '85	100,000	COMPLETE
	Jan. 26, '87	100,000	COMPLETE
4. Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
	Apr. 14, '86	100,000	COMPLETE
	May 18, '87	100,000	Sold 50,000
3. Egypt wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE (512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	COMPLETE
	Oct. 8, '86	1,000,000	COMPLETE
	July 8, '87	500,000	
2. Egypt wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	Sold 306,000
1. Algeria wheat (ex durum)	June 4, '85	1,000,000	COMPLETE
wheat (ex durum)	Apr. 10, '86	1,000,000	Sold 616,000
durum	Nov. 10, '86	300,000	COMPLETE
durum	Mar. 16, '87	300,000	COMPLETE
durum	July 24, '87	300,000	Sold 244,000

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

EXPORT ENHANCEMENT PROGRAM SUMMARY

Announced as of Aug. 20, 1987

Announced to Date	33,355,680 tons grains and products (grain equivalent)
	758 million table eggs
	140,500 tons frozen poultry
	65,500 head dairy cattle
	25,000 tons vegetable oil

Sold to Date	17,298,759 tons wheat
	2,012,074 tons flour (grain equivalent)
	3,884,324 tons barley
	72,610 tons semolina (grain equivalent)
	110,883 tons barley malt (grain equivalent)
	106,000 tons sorghum
	38,700 tons rice
	111,168 tons poultry feed
	25,000 tons vegetable oil
	131,439 tons frozen poultry
	49,264 head dairy cattle
	54,572,004 table eggs

Total Sales Value:	\$2,235.8 million
Estimated Bonus Book Value:	\$1,533.2 million
Market Value of Awards:	\$1,075.4 million

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Selected International Prices

Item	:	August 25, 1987	:	Change from	:	A year
	:		:	a week ago	:	ago
ROTTERDAM PRICES 1/						
		\$ per MT		\$ per bu.		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.		138.00		3.76		+0.50 N.Q.
U.S. No. 2 DNS/NS: 14%....		131.00		3.57		+0.50 122.50
U.S. No. 2 S.R.W.		126.00		3.43		0.00 120.00
No. 3 H.A.D.....		153.00		4.16		+3.00 122.00
Canadian No. 1 A: Duruml0/		153.50		4.18		+1.00 N.Q.
Feed grains:						
U.S. No. 3 Yellow Corn....		88.00		2.24		+2.00 84.00
Soybeans and Meal:						
U.S. No. 2 Yellow.....11/		210.00		5.72		+1.25 N.Q.
Brazil 47/48% Soya Pellets		211.00		--		+2.00 197.00
U.S. 44% Soybean Meal..12/		190.00		--		+1.00 198.00
U.S. FARM PRICES 3/						
Wheat		86.34		2.35		+2.20 78.99
Barley.....		60.17		1.31		+5.51 46.39
Corn.....		58.66		1.49		+1.18 62.60
Sorghum.....		58.42		2.65		-- 56.66
Broilers.....		1,154.33		--		-138.23 1,317.03
EC IMPORT LEVIES						
Wheat 2/.....		204.88		5.58		+6.63 169.56
Barley.....		200.95		4.38		+4.82 168.27
Corn.....		206.86		5.25		+5.20 177.31
Sorghum.....		210.18		5.34		+4.76 183.88
Broilers.....		--		--		-- --
EC INTERVENTION PRICES 3/ 4/ ***						
Common wheat(feed quality)		182.47		4.97		+3.06 178.73
Bread wheat (min. quality)		192.08		5.23		+3.23 187.87
Maize.....		192.08		4.88		+3.23 187.87
Barley and all other feed						
grains, excluding maize.		182.47		--		+3.06 178.73
Broilers.....		--		--		-- --
EC EXPORT RESTITUTIONS (subsidies)						
Wheat		N.A.		N.A.		N.A. N.A.
Barley.....		N.A.		N.A.		N.A. 118.88
Broilers.....		--		--		-- --

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Reflects lower EC export subsidy--down to 20 ECU/100bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83 subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 3/ Reference price. 4/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 5/ October Shipment. 6/ October/Dec shipment. N.A. = None authorized, N.Q. = Not quoted. Note: Basis September delivery.

*** Until Nov 1, 1987 there are no support prices because buying into intervention is not permitted from July through October 1987.

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